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BEFORE THE FEDERAL ELECTION COMMISSION

2007 FEB -9 A 10: 10

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**SENSITIVE**

In the Matter of

Bully PAC and Nancy Schafer,  
in her official capacity as treasurer  
Newman Signs, Inc.  
Harold Newman  
Michael Liffrig  
Liffrig for Senate and Michael Liffrig  
in his official capacity as treasurer

**GENERAL COUNSEL'S REPORT #2**

**I. ACTION RECOMMENDED**

Accept the attached proposed conciliation agreement with Bully PAC and Nancy Schafer,  
in her official capacity as treasurer, and close the file.

**II. BACKGROUND**

On December 12, 2006, the Commission found reason to believe that Bully PAC and  
Nancy Schafer, in her official capacity as treasurer ("Respondents"), violated 2 U.S.C. § 441a(a)  
by making an excessive in-kind contribution to Liffrig for Senate.

<sup>1</sup> Also on December 12, 2006, the Commission: 1) found no reason to believe that Newman Signs, Inc. or Liffrig for Senate and Michael Liffrig, in his official capacity as treasurer, violated 2 U.S.C. § 441b(a) by making or knowingly receiving a corporate in-kind contribution; and 2) found no reason to believe that Michael Liffrig, Liffrig for Senate and Michael Liffrig, in his official capacity as treasurer, Harold Newman, or Bully PAC and Nancy Schafer, in her official capacity as treasurer, violated 2 U.S.C. §§ 441a(a) or 441f or 11 C.F.R. § 110.1(h) by making or receiving an excessive earmarked contribution or an excessive contribution made with knowledge of the ultimate recipient while the contributor retained control of the funds. Finally, the Commission dismissed the allegations that Liffrig for Senate and Michael Liffrig, in his official capacity as treasurer, violated 2 U.S.C. §§ 434(b) and 441a(f) by knowingly receiving and failing to report an excessive contribution, and admonished these respondents.

III. CONCILIATION AGREEMENT


IV. RECOMMENDATIONS


1. Accept the attached conciliation agreement with Bully PAC and Nancy Schafer, in her official capacity as treasurer;
2. Approve the appropriate letters; and
3. Close the file.

Lawrence H. Norton  
General Counsel

Lawrence L. Calvert, Jr.  
Deputy Associate General Counsel for Enforcement

2/8/07  
Date

BY:   
Ann Marie Terzaken  
Assistant General Counsel

  
Adam Schwartz  
Attorney

Attachment

1. Proposed Conciliation Agreement with Bully PAC and Nancy Schafer, in her official capacity as treasurer